

## Summary of Consolidated Financial Results for the Fiscal Year Ended March 20, 2021

[Japanese GAAP]

April 30, 2021

Company name: ALINCO INCORPORATED

Stock code: 5933

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Scheduled date of Annual General Meeting of Shareholders: June 17, 2021

Scheduled date of payment of dividend: May 28, 2021

Scheduled date of filing of Annual Securities Report: June 18, 2021

Preparation of supplementary materials for financial results: Yes

Holding of financial results meeting: Yes (for securities analysts and institutional investors)

(All amounts are rounded down to the nearest million yen)

### 1. Consolidated Financial Results for the Fiscal Year Ended March 20, 2021 (March 21, 2020 – March 20, 2021)

#### (1) Consolidated results of operations

(Percentages represent year-on-year changes)

|                                 | Net sales   |       | Operating profit |        | Ordinary profit |        | Profit attributable to owners of parent |        |
|---------------------------------|-------------|-------|------------------|--------|-----------------|--------|-----------------------------------------|--------|
|                                 | Million yen | %     | Million yen      | %      | Million yen     | %      | Million yen                             | %      |
| Fiscal year ended Mar. 20, 2021 | 53,341      | (4.1) | 2,554            | (23.5) | 2,874           | (17.0) | 1,664                                   | (22.8) |
| Fiscal year ended Mar. 20, 2020 | 55,613      | 3.3   | 3,338            | 14.3   | 3,461           | 4.7    | 2,155                                   | 14.0   |

Note: Comprehensive income Fiscal year ended Mar. 20, 2021: 2,370 million yen (up 31.7%)

Fiscal year ended Mar. 20, 2020: 1,800 million yen (up 11.0%)

|                                 | Net income per share | Diluted net income per share | Return on equity | Ordinary profit to total assets | Operating profit to net sales | EBITDA      |        |
|---------------------------------|----------------------|------------------------------|------------------|---------------------------------|-------------------------------|-------------|--------|
|                                 | Yen                  | Yen                          | %                | %                               | %                             | Million yen | %      |
| Fiscal year ended Mar. 20, 2021 | 85.32                | -                            | 6.2              | 5.2                             | 4.8                           | 6,407       | (10.3) |
| Fiscal year ended Mar. 20, 2020 | 108.73               | -                            | 8.3              | 6.4                             | 6.0                           | 7,145       | 3.3    |

Reference: Equity in earnings of affiliates Fiscal year ended Mar. 20, 2021: (18) million yen

Fiscal year ended Mar. 20, 2020: 6 million yen

Note: EBITDA = Ordinary profit + Depreciation + Amortization of goodwill

#### (2) Consolidated financial position

|                     | Total assets | Net assets  | Equity ratio | Net assets per share |
|---------------------|--------------|-------------|--------------|----------------------|
|                     | Million yen  | Million yen | %            | Yen                  |
| As of Mar. 20, 2021 | 55,443       | 27,679      | 49.8         | 1,428.84             |
| As of Mar. 20, 2020 | 54,351       | 27,424      | 48.7         | 1,334.10             |

Reference: Shareholders' equity As of Mar. 20, 2021: 27,597 million yen

As of Mar. 20, 2020: 26,452 million yen

#### (3) Consolidated cash flows

|                                 | Cash flows from operating activities | Cash flows from investing activities | Cash flows from financing activities | Cash and cash equivalents at end of period |
|---------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------------|
|                                 | Million yen                          | Million yen                          | Million yen                          | Million yen                                |
| Fiscal year ended Mar. 20, 2021 | 5,293                                | (4,681)                              | (157)                                | 5,414                                      |
| Fiscal year ended Mar. 20, 2020 | 4,891                                | (3,123)                              | (1,233)                              | 4,991                                      |

### 2. Dividends

|                                             | Dividends per share |        |        |          |       | Total dividends | Dividend payout ratio (consolidated) | Dividend on net assets (consolidated) |
|---------------------------------------------|---------------------|--------|--------|----------|-------|-----------------|--------------------------------------|---------------------------------------|
|                                             | 1Q-end              | 2Q-end | 3Q-end | Year-end | Total |                 |                                      |                                       |
|                                             | Yen                 | Yen    | Yen    | Yen      | Yen   | Million yen     | %                                    | %                                     |
| Fiscal year ended Mar. 20, 2020             | -                   | 19.00  | -      | 19.00    | 38.00 | 753             | 34.9                                 | 2.9                                   |
| Fiscal year ended Mar. 20, 2021             | -                   | 19.00  | -      | 19.00    | 38.00 | 743             | 44.5                                 | 2.8                                   |
| Fiscal year ending Mar. 20, 2022 (forecast) | -                   | 20.00  | -      | 20.00    | 40.00 |                 | 38.4                                 |                                       |

### 3. Consolidated Forecast for the Fiscal Year Ending March 20, 2022 (March 21, 2021 – March 20, 2022)

(Percentages represent year-on-year changes)

|            | Net sales   |     | Operating profit |      | Ordinary profit |      | Profit attributable to owners of parent |      | Net income per share |
|------------|-------------|-----|------------------|------|-----------------|------|-----------------------------------------|------|----------------------|
|            | Million yen | %   | Million yen      | %    | Million yen     | %    | Million yen                             | %    | Yen                  |
| First half | 27,290      | 8.3 | 1,400            | 43.5 | 1,490           | 32.5 | 1,010                                   | 67.6 | 52.29                |
| Full year  | 56,030      | 5.0 | 2,990            | 17.0 | 3,080           | 7.2  | 2,010                                   | 20.8 | 104.06               |

Reference: EBITDA forecast for the fiscal year ending March 20, 2022 6,420 million yen (up 0.2%)

## \* Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in scope of consolidation): None

Newly added: -

Excluded: -

(2) Changes in accounting policies and accounting-based estimates, and restatements

1) Changes in accounting policies due to revisions in accounting standards, others: None

2) Changes in accounting policies other than 1) above: Yes

3) Changes in accounting-based estimates: Yes

4) Restatements: None

Note: Subject to “changes in accounting policies that are difficult to distinguish from changes in accounting-based estimates” since ALINCO has revised its depreciation method starting in the current fiscal year. For more information, please refer to “3. Consolidated Financial Statements and Notes, (5) Notes to Consolidated Financial Statements, Changes in Accounting Policies That Are Difficult to Distinguish from Changes in Accounting-based Estimates” on page 14.

(3) Number of shares outstanding (common shares)

1) Number of shares outstanding at the end of the period (including treasury shares)

As of Mar. 20, 2021: 21,039,326 shares As of Mar. 20, 2020: 21,039,326 shares

2) Number of treasury shares at the end of the period

As of Mar. 20, 2021: 1,724,357 shares As of Mar. 20, 2020: 1,211,416 shares

3) Average number of shares outstanding during the period

Fiscal year ended Mar. 20, 2021: 19,512,254 shares Fiscal year ended Mar. 20, 2020: 19,821,347 shares

Note: For the purpose of calculating net assets per share, the number of shares of the Company held by the ALINCO Employee Shareholding Association Exclusive Trust Account (506,100 shares for the fiscal year ended Mar. 20, 2021) under the "Trust-type Employee Shareholding Incentive Plan (E-Ship)" is included in the number of treasury shares, which was to be deducted from the calculation of the number of shares outstanding at the end of the period. For the purpose of calculating net income per share, the Company's shares held by the trust are also included in the number of treasury shares, which was to be deducted from the calculation of the average number of shares outstanding during the period (506,100 shares for the fiscal year ended Mar. 20, 2021).

## Reference: Summary of Non-consolidated Financial Results

### 1. Non-consolidated Financial Results for the Fiscal Year Ended March 20, 2021

(March 21, 2020 – March 20, 2021)

(1) Non-consolidated results of operations

(Percentages represent year-on-year changes)

|                                 | Net sales   |       | Operating profit |        | Ordinary profit |        | Profit      |        |
|---------------------------------|-------------|-------|------------------|--------|-----------------|--------|-------------|--------|
|                                 | Million yen | %     | Million yen      | %      | Million yen     | %      | Million yen | %      |
| Fiscal year ended Mar. 20, 2021 | 42,804      | (8.0) | 1,849            | (29.1) | 2,220           | (23.2) | 1,361       | (22.1) |
| Fiscal year ended Mar. 20, 2020 | 46,539      | 2.5   | 2,606            | (0.7)  | 2,891           | (12.5) | 1,748       | (12.5) |

|                                 | Net income per share | Diluted net income per share |
|---------------------------------|----------------------|------------------------------|
|                                 | Yen                  | Yen                          |
| Fiscal year ended Mar. 20, 2021 | 69.78                | -                            |
| Fiscal year ended Mar. 20, 2020 | 88.19                | -                            |

(2) Non-consolidated financial position

|                     | Total assets | Net assets  | Equity ratio | Net assets per share |
|---------------------|--------------|-------------|--------------|----------------------|
|                     | Million yen  | Million yen | %            | Yen                  |
| As of Mar. 20, 2021 | 51,230       | 27,285      | 53.3         | 1,412.65             |
| As of Mar. 20, 2020 | 50,605       | 26,886      | 53.1         | 1,355.97             |

Reference: Shareholders' equity As of Mar. 20, 2021: 27,285 million yen

As of Mar. 20, 2020: 26,886 million yen

\*The current financial report is not subject to audit by certified public accountants or auditing firms.

\*Cautionary statement with respect to forward-looking statements and other special items

Forecasts of future performance in these materials are based on assumption judged to be valid and information available to the ALINCO's management at the time the materials were prepared. Actual results may differ materially from the forecasts for a number of reasons. Please refer to “1. Overview of Results of Operations, (5) Outlook” on page 4 for forecast assumptions and notes of caution for usage.

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## 1. Overview of Results of Operations

### (1) Results of Operations

During the current fiscal year, the business climate has been extremely challenging since the beginning of the fiscal year because of the rapid decline in social and economic activities caused by the COVID-19 pandemic. The Japanese economy started to recover during the summer as economic activity resumed. However, the outlook for the economy is still unclear due to absence of any signs of the end of this crisis.

The construction and housing-related sectors are the primary markets for the ALINCO Group. In the first half of the fiscal year, there were double-digit declines from the same period of the previous fiscal year in building construction starts based on floor area. In the third quarter, the declines narrowed to the single-digit level as delayed new private-sector construction projects started and the utilization rate of scaffolding materials began to climb as a result. Due to a recovery in private and public-sector construction demand involving social infrastructure projects, sales of SK Panels for expressway renovation projects, which were strong from the beginning of the fiscal year, and new scaffolding material increased. In addition, backed by the large volume of distribution facility construction due to the growth of e-commerce, sales at a subsidiary of racks for next-generation logistics storage systems increased to an all-time high. Sales of aluminum ladders, stepladders and fitness equipment were strong throughout the fiscal year because of stay-home demand during the COVID-19 crisis.

As a result, sales decreased 4.1% to 53,341 million yen, operating profit decreased 23.5% to 2,554 million yen, ordinary profit decreased 17.0% to 2,874 million yen and profit attributable to owners of parent decreased 22.8% to 1,664 million yen. Although the COVID-19 pandemic had a severe impact on social and economic activities during the first half, sales and earnings began to recover steadily every month starting with October. This recovery was the result of the diverse business portfolio that encompasses many types of products and of the use of a wide range of sales channels.

The performance for each business segment was as follows. Segment sales do not include intersegment sales.

(Millions of yen)

| Segment                                           | Net sales |                | Segment profit |                |
|---------------------------------------------------|-----------|----------------|----------------|----------------|
|                                                   | Amount    | YoY change (%) | Amount         | YoY change (%) |
| Construction materials                            | 17,400    | (13.2)         | 1,410          | (42.7)         |
| Scaffolding material rental                       | 15,265    | (11.2)         | 56             | (89.9)         |
| Home equipment                                    | 16,925    | 13.5           | 1,029          | 190.7          |
| Electronic equipment                              | 3,751     | 8.5            | 53             | -              |
| Total for reportable segments                     | 53,341    | (4.1)          | 2,550          | (24.4)         |
| Adjustment                                        | -         | -              | 323            | -              |
| Amounts shown on consolidated statement of income | 53,341    | (4.1)          | 2,874          | (17.0)         |

Notes: 1. Segment profit is adjusted to be consistent with ordinary profit in the quarterly consolidated statement of income.

2. The adjustment is primarily non-operating income and expenses, such as equity-method income and losses, foreign exchange gains and losses, and interest expenses that cannot be allocated to a reportable segment.

#### Construction materials

Sales decreased 13.2% from the previous fiscal year to 17,400 million yen. Sales were supported by strong sales of SK Panels, which are used for expressway renovation projects, increasing sales of the new ring lock ALBATROSS system ("ALBATROSS") and increasing sales of new products. However, these sales increases were unable to compensate because of the suspension of most construction activity in Japan in the first half of the fiscal year.

At subsidiary Sofuku Koki, sales climbed to a record high because of the growth of sales of racks for next-generation logistics storage systems.

The segment profit decreased from the previous fiscal year 42.7% to 1,410 million yen because of the decline in sales and the amortization of goodwill associated with the additional equity investment in Sofuku Koki.

#### Scaffolding material rental

Sales decreased 11.2% from the previous fiscal year to 15,265 million yen. Despite this decline, utilization rates of scaffolding materials for low-rise and medium to high-rise buildings has started to recover in the third quarter. However, utilization rates subsequently began to weaken again because of Japan's second declaration of a state of emergency.

Earnings benefited from a decrease in depreciation expenses because of a reduction in purchases of rental assets due to the low utilization rate of rental products. However, the segment profit decreased 89.9% to 56 million yen because of the decline in sales.

#### Home equipment

Sales increased 13.5% from the previous fiscal year to 16,925 million yen. As a result of stay-home demand during the COVID-19 crisis, sales of aluminum ladders, stepladders and other DIY products, treadmills, exercise bicycles, and other fitness equipment increased significantly.

The segment profit increased 190.7% to 1,029 million yen due to higher sales.

#### Electronic equipment

Sales increased 8.5% from the previous fiscal year to 3,751 million yen. This was mainly due to sales of public-sector disaster prevention wireless communication systems that were carried over from the previous fiscal year. Sales also benefited from sales activities involving ICT applications for wireless modules and new products in the specified low-power wireless communication device category.

The segment profit was 53 million yen because of sales growth.

### **(2) Financial Position**

#### Assets

Total assets increased 1,092 million yen from the end of the previous fiscal year to 55,443 million yen as of the end of the current fiscal year. Current assets decreased 171 million yen to 33,185 million yen and non-current assets increased 1,263 million yen to 22,258 million yen. The main reason of the increase in assets was a 770 million yen increase in retirement benefit assets due to a recovery in the fair value of pension plan assets.

#### Liabilities

Total liabilities increased 837 million yen from the end of the previous fiscal year to 27,764 million yen. Current liabilities decreased 598 million yen to 16,159 million yen and non-current liabilities increased 1,436 million yen to 11,605 million yen. The main reason for the increase in liabilities was a 1,086 million yen increase in borrowings. Long-term borrowings were made to meet the demand for funds during the COVID-19 crisis, such as securing cash on hand, the additional equity investment in Sofuku Koki and capital expenditures.

#### Net assets

Total net assets increased 254 million yen from the end of the previous fiscal year to 27,679 million yen. The main factor was the 1,664 million yen of profit attributable to owners of parent, the 743 million yen of dividend payment and the 890 million yen decrease in non-controlling interests because Sofuku Koki became a wholly owned subsidiary.

### **(3) Cash Flows**

Cash and cash equivalents at the end of the current fiscal year increased by 422 million yen from the end of the previous fiscal year to 5,414 million yen.

#### Cash flows from operating activities

Net cash provided by operating activities was 5,293 million yen (an increase of 402 million yen compared with the previous fiscal year). The main factor was a decrease in profit before income taxes, appropriate adjustments in inventories as a result of planned production activities, and an increase in accrued consumption taxes.

#### Cash flows from investing activities

Net cash used in investing activities was 4,681 million yen (an increase of 1,557 million yen compared with the previous fiscal year). The main uses of cash were purchase of property, plant and equipment for the new distribution center located in Fukuchiyama and additional purchase of shares of consolidated subsidiary Sofuku Koki.

#### Cash flows from financing activities

Net cash used in financing activities was 157 million yen (a decrease of 1,076 million yen compared with the previous fiscal year). The main uses of cash were repayments of long-term borrowings for securing cash on hand and capital expenditures, and the purchase of treasury shares.

### **(4) Basic Policy for Profit Distribution and Dividends for the Current and Next Fiscal Years**

Distributing earnings to shareholders is one of the highest priorities of ALINCO.

For dividends of surplus, our basic policy is to consistently pay annual dividend with a target dividend payout ratio of 40%.

Our policy for purchasing treasury shares is to make these purchases appropriately by responding with flexibility to changes in the stock price and business climate, implementing measures involving equity, and as one way to distribute earnings to shareholders.

Retained earnings are used for investments to improve our corporate value such as, expanding market share of ALBATROSS, developing new products in business sectors that are expected to grow in the future, performing M&A and any other activities. Our policy for retained earnings also reflects the need for the financial stability required for maintaining our competitive advantage over other companies.

Based on these policies, we plan to pay a year-end dividend of 19 yen per share for the fiscal year ended March 20, 2021. With the interim dividend of 19 yen per share that was paid on November 24, 2020, this will result in a total dividend of 38 yen per share applicable to the fiscal year.

### **(5) Outlook**

We expect the impact of the COVID-19 crisis on economic activities in Japan and other countries to continue. Although it is difficult to be optimism on when this crisis will end, we anticipate that the economy will return to normal as increasing knowledge about how to live with this pandemic results in the ability to resume social and economic activities while implementing preventive measures. In the construction and housing-related industries, which are the primary markets for the ALINCO Group, we believe that construction investments will remain firm for the next several years even as the effects of COVID-19 continue. This medium-term outlook is based on sources of demand for construction that are likely start to emerge, such as for repairing and replacing aging social infrastructure and for redevelopment projects in the Tokyo area and other major cities of Japan.

The construction materials business, particularly the manufacture and sale of scaffolding, and the scaffolding material rental business were severely impacted by the COVID-19 crisis during the previous fiscal year. In the fiscal year ending March 20, 2022, we expect the sales to increase in these two core businesses as the utilization rates climb at companies that rent scaffolding and other temporary construction materials. We anticipate the growth of sales in the construction materials business of scaffolding and other products for distribution facilities and fitness products in the home equipment business, which are both products that benefited from COVID-19, to stop temporarily. In addition, we anticipate that the recovery of capital expenditures by companies will result in a recovery in sales of aluminum ladders, stepladders, and wireless communication devices in the electronic equipment business.

In the construction materials and scaffolding material rental businesses, we will continue to expand the market share of ALBATROSS and develop materials associated with this scaffolding. In the home equipment business, we plan to expand sales channels to reflect the growth of e-commerce and start supplying new products. In the electronic equipment business, we plan to increase sales of new products, including new IoT products that utilize compact wireless communication technologies.

Forecasts for the fiscal year ending March 20, 2022 are as follows.

(Millions of yen)

|                                         | FY3/22<br>First-half forecast | YoY change (%) | FY3/22<br>Full-year forecast | YoY change (%) |
|-----------------------------------------|-------------------------------|----------------|------------------------------|----------------|
| Net sales                               | 27,290                        | 8.3            | 56,030                       | 5.0            |
| Operating profit                        | 1,400                         | 43.5           | 2,990                        | 17.0           |
| Ordinary profit                         | 1,490                         | 32.5           | 3,080                        | 7.2            |
| Profit attributable to owners of parent | 1,010                         | 67.6           | 2,010                        | 20.8           |

## 2. Basic Approach to the Selection of Accounting Standards

The ALINCO Group will continue to prepare consolidated financial statements using generally accepted accounting principles in Japan for the time being based on the stance that these financial statements are appropriate for providing information concerning the group's results of operations, financial position and cash flows.

We will take suitable actions with regard to the application of International Financial Reporting Standards (IFRS) by taking into account associated factors in Japan and other countries.

**3. Consolidated Financial Statements and Notes****(1) Consolidated Balance Sheet**

|                                        | (Thousands of yen)              |                                 |
|----------------------------------------|---------------------------------|---------------------------------|
|                                        | FY3/20<br>(As of Mar. 20, 2020) | FY3/21<br>(As of Mar. 20, 2021) |
| <b>Assets</b>                          |                                 |                                 |
| Current assets                         |                                 |                                 |
| Cash and deposits                      | 5,127,438                       | 5,535,238                       |
| Notes and accounts receivable-trade    | 15,452,757                      | 14,597,524                      |
| Merchandise and finished goods         | 8,187,160                       | 8,427,257                       |
| Work in process                        | 1,199,022                       | 1,192,425                       |
| Raw materials                          | 2,395,181                       | 2,430,463                       |
| Other                                  | 1,011,880                       | 1,024,220                       |
| Allowance for doubtful accounts        | (16,684)                        | (21,901)                        |
| Total current assets                   | 33,356,756                      | 33,185,229                      |
| Non-current assets                     |                                 |                                 |
| Property, plant and equipment          |                                 |                                 |
| Rental assets                          | 25,659,485                      | 25,621,129                      |
| Accumulated depreciation               | (21,318,757)                    | (21,707,320)                    |
| Accumulated impairment loss            | (260,352)                       | (298,857)                       |
| Rental assets, net                     | 4,080,375                       | 3,614,952                       |
| Buildings and structures               | 11,086,965                      | 11,160,814                      |
| Accumulated depreciation               | (7,164,161)                     | (7,398,587)                     |
| Buildings and structures, net          | 3,922,803                       | 3,762,227                       |
| Machinery, equipment and vehicles      | 4,934,994                       | 5,181,525                       |
| Accumulated depreciation               | (3,735,357)                     | (3,996,403)                     |
| Machinery, equipment and vehicles, net | 1,199,636                       | 1,185,121                       |
| Land                                   | 4,902,711                       | 5,095,600                       |
| Other                                  | 3,562,076                       | 4,287,878                       |
| Accumulated depreciation               | (3,168,398)                     | (3,392,528)                     |
| Accumulated impairment loss            | (22,766)                        | (19,388)                        |
| Other, net                             | 370,910                         | 875,961                         |
| Total property, plant and equipment    | 14,476,438                      | 14,533,863                      |
| Intangible assets                      |                                 |                                 |
| Goodwill                               | 937,159                         | 980,156                         |
| Other                                  | 202,323                         | 223,860                         |
| Total intangible assets                | 1,139,483                       | 1,204,016                       |
| Investments and other assets           |                                 |                                 |
| Investment securities                  | 1,508,913                       | 1,671,110                       |
| Long-term loans receivable             | 1,102,062                       | 1,298,068                       |
| Distressed receivables                 | 3,718                           | 3,134                           |
| Retirement benefit asset               | 1,640,022                       | 2,410,670                       |
| Deferred tax assets                    | 157,333                         | 107,930                         |
| Other                                  | 973,558                         | 1,036,034                       |
| Allowance for doubtful accounts        | (6,868)                         | (6,184)                         |
| Total investments and other assets     | 5,378,740                       | 6,520,764                       |
| Total non-current assets               | 20,994,661                      | 22,258,644                      |
| <b>Total assets</b>                    | <b>54,351,417</b>               | <b>55,443,873</b>               |

|                                                                      | (Thousands of yen)    |                       |
|----------------------------------------------------------------------|-----------------------|-----------------------|
|                                                                      | FY3/20                | FY3/21                |
|                                                                      | (As of Mar. 20, 2020) | (As of Mar. 20, 2021) |
| Liabilities                                                          |                       |                       |
| Current liabilities                                                  |                       |                       |
| Notes and accounts payable-trade                                     | 8,219,791             | 7,267,563             |
| Short-term borrowings                                                | 1,168,900             | 463,200               |
| Current portion of long-term borrowings                              | 4,346,392             | 5,068,624             |
| Income taxes payable                                                 | 689,277               | 662,320               |
| Provision for bonuses                                                | 728,771               | 714,390               |
| Other                                                                | 1,604,800             | 1,983,181             |
| Total current liabilities                                            | 16,757,933            | 16,159,280            |
| Non-current liabilities                                              |                       |                       |
| Long-term borrowings                                                 | 9,277,634             | 10,347,955            |
| Retirement benefit liability                                         | 186,642               | 192,189               |
| Provision for retirement benefits for directors (and other officers) | 186,336               | 186,336               |
| Deferred tax liabilities                                             | 169,359               | 440,073               |
| Other                                                                | 349,118               | 439,034               |
| Total non-current liabilities                                        | 10,169,090            | 11,605,588            |
| Total liabilities                                                    | 26,927,024            | 27,764,869            |
| Net assets                                                           |                       |                       |
| Shareholders' equity                                                 |                       |                       |
| Share capital                                                        | 6,361,596             | 6,361,596             |
| Capital surplus                                                      | 4,817,366             | 4,922,140             |
| Retained earnings                                                    | 16,107,041            | 17,043,168            |
| Treasury shares                                                      | (896,979)             | (1,449,359)           |
| Total shareholders' equity                                           | 26,389,024            | 26,877,545            |
| Accumulated other comprehensive income                               |                       |                       |
| Valuation difference on available-for-sale securities                | (93,549)              | 163,324               |
| Deferred gains or losses on hedges                                   | 92,580                | 64,647                |
| Foreign currency translation adjustment                              | 411,148               | 249,004               |
| Remeasurements of defined benefit plans                              | (346,702)             | 243,398               |
| Total accumulated other comprehensive income                         | 63,477                | 720,375               |
| Non-controlling interests                                            | 971,891               | 81,083                |
| Total net assets                                                     | 27,424,393            | 27,679,004            |
| Total liabilities and net assets                                     | 54,351,417            | 55,443,873            |

**(2) Consolidated Statements of Income and Comprehensive Income****Consolidated Statement of Income**

|                                                               | (Thousands of yen)              |                                 |
|---------------------------------------------------------------|---------------------------------|---------------------------------|
|                                                               | FY3/20                          | FY3/21                          |
|                                                               | (Mar. 21, 2019 – Mar. 20, 2020) | (Mar. 21, 2020 – Mar. 20, 2021) |
| Net sales                                                     |                                 |                                 |
| Net sales of merchandise and finished goods                   | 38,705,086                      | 38,231,270                      |
| Rental income                                                 | 16,908,058                      | 15,110,439                      |
| Total net sales                                               | 55,613,144                      | 53,341,709                      |
| Cost of sales                                                 |                                 |                                 |
| Cost of merchandise and finished goods sold                   | 27,469,278                      | 26,841,716                      |
| A rental cost price                                           | 12,759,161                      | 11,470,187                      |
| Total cost of sales                                           | 40,228,440                      | 38,311,904                      |
| Gross profit                                                  | 15,384,703                      | 15,029,804                      |
| Selling, general and administrative expenses                  | 12,045,929                      | 12,475,114                      |
| Operating profit                                              | 3,338,774                       | 2,554,689                       |
| Non-operating income                                          |                                 |                                 |
| Interest income                                               | 37,403                          | 32,082                          |
| Dividend income                                               | 87,460                          | 82,593                          |
| Rental income from land and buildings                         | 58,003                          | 57,879                          |
| Foreign exchange gains                                        | -                               | 154,161                         |
| Gain on sales of scrap and waste                              | 110,505                         | 123,752                         |
| Share of profit of entities accounted for using equity method | 6,602                           | -                               |
| Other                                                         | 77,787                          | 119,293                         |
| Total non-operating income                                    | 377,762                         | 569,762                         |
| Non-operating expenses                                        |                                 |                                 |
| Interest expenses                                             | 50,823                          | 49,805                          |
| Paying rents                                                  | 24,460                          | 24,460                          |
| Product recall expense                                        | -                               | 65,123                          |
| Litigation expenses                                           | -                               | 41,940                          |
| Foreign exchange losses                                       | 164,648                         | -                               |
| Share of loss of entities accounted for using equity method   | -                               | 18,023                          |
| Other                                                         | 15,307                          | 50,807                          |
| Total non-operating expenses                                  | 255,240                         | 250,160                         |
| Ordinary profit                                               | 3,461,296                       | 2,874,291                       |
| Extraordinary income                                          |                                 |                                 |
| Gain on sales of property, plant and equipment                | 564                             | 635                             |
| Gain on sales of investment securities                        | 392,875                         | 120,285                         |
| Total extraordinary income                                    | 393,440                         | 120,921                         |
| Extraordinary losses                                          |                                 |                                 |
| Loss on sales and retirement of property, plant and equipment | 7,373                           | 18,117                          |
| Loss on valuation of investment securities                    | 32,185                          | -                               |
| Impairment loss                                               | 138,000                         | 54,000                          |
| Total extraordinary losses                                    | 177,558                         | 72,117                          |
| Profit before income taxes                                    | 3,677,178                       | 2,923,094                       |
| Income taxes-current                                          | 1,279,556                       | 1,230,207                       |
| Income taxes-deferred                                         | 51,786                          | (21,148)                        |
| Total income taxes                                            | 1,331,343                       | 1,209,059                       |
| Profit                                                        | 2,345,835                       | 1,714,035                       |
| Profit attributable to non-controlling interests              | 190,648                         | 49,172                          |
| Profit attributable to owners of parent                       | 2,155,187                       | 1,664,863                       |

**Consolidated Statement of Comprehensive Income**

|                                                                                   | (Thousands of yen)              |                                 |
|-----------------------------------------------------------------------------------|---------------------------------|---------------------------------|
|                                                                                   | FY3/20                          | FY3/21                          |
|                                                                                   | (Mar. 21, 2019 – Mar. 20, 2020) | (Mar. 21, 2020 – Mar. 20, 2021) |
| Profit                                                                            | 2,345,835                       | 1,714,035                       |
| Other comprehensive income                                                        |                                 |                                 |
| Valuation difference on available-for-sale securities                             | (422,436)                       | 256,873                         |
| Deferred gains or losses on hedges                                                | 79,502                          | (27,933)                        |
| Foreign currency translation adjustment                                           | 201,223                         | (212,745)                       |
| Remeasurements of defined benefit plans, net of tax                               | (388,574)                       | 590,101                         |
| Share of other comprehensive income of entities accounted for using equity method | (15,019)                        | 50,091                          |
| Total other comprehensive income                                                  | (545,304)                       | 656,387                         |
| Comprehensive income                                                              | 1,800,531                       | 2,370,423                       |
| Comprehensive income attributable to                                              |                                 |                                 |
| Comprehensive income attributable to owners of parent                             | 1,620,041                       | 2,321,760                       |
| Comprehensive income attributable to non-controlling interests                    | 180,489                         | 48,662                          |

**(3) Consolidated Statement of Changes in Equity**

FY3/20 (Mar. 21, 2019 – Mar. 20, 2020)

(Thousands of yen)

|                                                      | Shareholders' equity |                 |                   |                 |                            |
|------------------------------------------------------|----------------------|-----------------|-------------------|-----------------|----------------------------|
|                                                      | Share capital        | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of period                       | 6,361,596            | 4,812,424       | 14,704,990        | (909,615)       | 24,969,396                 |
| Changes during period                                |                      |                 |                   |                 |                            |
| Dividends of surplus                                 |                      |                 | (753,136)         |                 | (753,136)                  |
| Profit attributable to owners of parent              |                      |                 | 2,155,187         |                 | 2,155,187                  |
| Disposal of treasury shares                          |                      | 4,941           |                   | 12,635          | 17,576                     |
| Net changes in items other than shareholders' equity |                      |                 |                   |                 |                            |
| Total changes during period                          | -                    | 4,941           | 1,402,051         | 12,635          | 1,419,628                  |
| Balance at end of period                             | 6,361,596            | 4,817,366       | 16,107,041        | (896,979)       | 26,389,024                 |

|                                                      | Accumulated other comprehensive income                |                                    |                                         |                                         |                                              | Non-controlling interests | Total net assets |
|------------------------------------------------------|-------------------------------------------------------|------------------------------------|-----------------------------------------|-----------------------------------------|----------------------------------------------|---------------------------|------------------|
|                                                      | Valuation difference on available-for-sale securities | Deferred gains or losses on hedges | Foreign currency translation adjustment | Remeasurements of defined benefit plans | Total accumulated other comprehensive income |                           |                  |
| Balance at beginning of period                       | 328,887                                               | 13,078                             | 214,786                                 | 41,871                                  | 598,623                                      | 791,401                   | 26,359,422       |
| Changes during period                                |                                                       |                                    |                                         |                                         |                                              |                           |                  |
| Dividends of surplus                                 |                                                       |                                    |                                         |                                         |                                              |                           | (753,136)        |
| Profit attributable to owners of parent              |                                                       |                                    |                                         |                                         |                                              |                           | 2,155,187        |
| Disposal of treasury shares                          |                                                       |                                    |                                         |                                         |                                              |                           | 17,576           |
| Net changes in items other than shareholders' equity | (422,436)                                             | 79,502                             | 196,362                                 | (388,574)                               | (535,146)                                    | 180,489                   | (354,656)        |
| Total changes during period                          | (422,436)                                             | 79,502                             | 196,362                                 | (388,574)                               | (535,146)                                    | 180,489                   | 1,064,971        |
| Balance at end of period                             | (93,549)                                              | 92,580                             | 411,148                                 | (346,702)                               | 63,477                                       | 971,891                   | 27,424,393       |

FY3/21 (Mar. 21, 2020 – Mar. 20, 2021)

(Thousands of yen)

|                                                                     | Shareholders' equity |                 |                   |                 |                            |
|---------------------------------------------------------------------|----------------------|-----------------|-------------------|-----------------|----------------------------|
|                                                                     | Share capital        | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of period                                      | 6,361,596            | 4,817,366       | 16,107,041        | (896,979)       | 26,389,024                 |
| Changes during period                                               |                      |                 |                   |                 |                            |
| Dividends of surplus                                                |                      |                 | (743,714)         |                 | (743,714)                  |
| Profit attributable to owners of parent                             |                      |                 | 1,664,863         |                 | 1,664,863                  |
| Purchase of treasury shares                                         |                      |                 |                   | (968,478)       | (968,478)                  |
| Disposal of treasury shares                                         |                      | 104,773         |                   | 416,098         | 520,872                    |
| Effect of changes in accounting period of consolidated subsidiaries |                      |                 | 14,977            |                 | 14,977                     |
| Net changes in items other than shareholders' equity                |                      |                 |                   |                 |                            |
| Total changes during period                                         | -                    | 104,773         | 936,126           | (552,379)       | 488,520                    |
| Balance at end of period                                            | 6,361,596            | 4,922,140       | 17,043,168        | (1,449,359)     | 26,877,545                 |

|                                                                     | Accumulated other comprehensive income                |                                    |                                         |                                         |                                              | Non-controlling interests | Total net assets |
|---------------------------------------------------------------------|-------------------------------------------------------|------------------------------------|-----------------------------------------|-----------------------------------------|----------------------------------------------|---------------------------|------------------|
|                                                                     | Valuation difference on available-for-sale securities | Deferred gains or losses on hedges | Foreign currency translation adjustment | Remeasurements of defined benefit plans | Total accumulated other comprehensive income |                           |                  |
| Balance at beginning of period                                      | (93,549)                                              | 92,580                             | 411,148                                 | (346,702)                               | 63,477                                       | 971,891                   | 27,424,393       |
| Changes during period                                               |                                                       |                                    |                                         |                                         |                                              |                           |                  |
| Dividends of surplus                                                |                                                       |                                    |                                         |                                         |                                              |                           | (743,714)        |
| Profit attributable to owners of parent                             |                                                       |                                    |                                         |                                         |                                              |                           | 1,664,863        |
| Purchase of treasury shares                                         |                                                       |                                    |                                         |                                         |                                              |                           | (968,478)        |
| Disposal of treasury shares                                         |                                                       |                                    |                                         |                                         |                                              |                           | 520,872          |
| Effect of changes in accounting period of consolidated subsidiaries |                                                       |                                    |                                         |                                         |                                              |                           | 14,977           |
| Net changes in items other than shareholders' equity                | 256,873                                               | (27,933)                           | (162,143)                               | 590,101                                 | 656,897                                      | (890,807)                 | (233,909)        |
| Total changes during period                                         | 256,873                                               | (27,933)                           | (162,143)                               | 590,101                                 | 656,897                                      | (890,807)                 | 254,611          |
| Balance at end of period                                            | 163,324                                               | 64,647                             | 249,004                                 | 243,398                                 | 720,375                                      | 81,083                    | 27,679,004       |

**(4) Consolidated Statement of Cash Flows**

|                                                                      | (Thousands of yen)              |                                 |
|----------------------------------------------------------------------|---------------------------------|---------------------------------|
|                                                                      | FY3/20                          | FY3/21                          |
|                                                                      | (Mar. 21, 2019 – Mar. 20, 2020) | (Mar. 21, 2020 – Mar. 20, 2021) |
| Cash flows from operating activities                                 |                                 |                                 |
| Profit before income taxes                                           | 3,677,178                       | 2,923,094                       |
| Depreciation                                                         | 3,413,294                       | 3,015,290                       |
| Amortization of goodwill                                             | 271,197                         | 517,533                         |
| Impairment loss                                                      | 138,000                         | 54,000                          |
| Increase (decrease) in allowance for doubtful accounts               | 4,676                           | 4,532                           |
| Increase (decrease) in provision for bonuses                         | 43,976                          | (16,181)                        |
| Increase (decrease) in retirement benefit liability                  | (136,723)                       | 83,964                          |
| Interest and dividend income                                         | (124,864)                       | (114,676)                       |
| Interest expenses                                                    | 50,823                          | 49,805                          |
| Foreign exchange losses (gains)                                      | 166,038                         | (69,683)                        |
| Share of loss (profit) of entities accounted for using equity method | (6,602)                         | 18,023                          |
| Loss (gain) on sales and retirement of property, plant and equipment | 6,808                           | 17,481                          |
| Loss (gain) on sales of investment securities                        | (392,875)                       | (120,285)                       |
| Loss (gain) on valuation of investment securities                    | 32,185                          | -                               |
| Decrease (increase) in trade receivables                             | 400,410                         | 841,514                         |
| Decrease (increase) in inventories                                   | (1,627,513)                     | (275,721)                       |
| Increase (decrease) in trade payables                                | (51,146)                        | (973,205)                       |
| Increase (decrease) in accrued consumption taxes                     | (128,323)                       | 250,190                         |
| Other, net                                                           | 434,002                         | 271,778                         |
| Subtotal                                                             | 6,170,543                       | 6,477,457                       |
| Interest and dividends received                                      | 121,523                         | 114,615                         |
| Interest paid                                                        | (48,525)                        | (48,815)                        |
| Income taxes paid                                                    | (1,352,163)                     | (1,249,765)                     |
| Net cash provided by (used in) operating activities                  | 4,891,377                       | 5,293,492                       |
| Cash flows from investing activities                                 |                                 |                                 |
| Payments into time deposits                                          | (135,440)                       | -                               |
| Proceeds from withdrawal of time deposits                            | 35,287                          | -                               |
| Purchase of property, plant and equipment                            | (3,088,769)                     | (3,325,000)                     |
| Proceeds from sales of property, plant and equipment                 | 1,659                           | 1,240                           |
| Purchase of intangible assets                                        | (26,485)                        | (82,927)                        |
| Purchase of investment securities                                    | (8,071)                         | (6,073)                         |
| Proceeds from sales of investment securities                         | 442,875                         | 315,593                         |
| Purchase of shares of subsidiaries                                   | -                               | (1,500,000)                     |
| Loan advances                                                        | (464,560)                       | (126,750)                       |
| Collection of loans receivable                                       | 121,653                         | 21,850                          |
| Payments of leasehold and guarantee deposits                         | (14,225)                        | (14,377)                        |
| Proceeds from refund of leasehold and guarantee deposits             | 8,567                           | 6,028                           |
| Payments of construction assistance fund receivables                 | (36,600)                        | -                               |
| Other, net                                                           | 40,148                          | 29,115                          |
| Net cash provided by (used in) investing activities                  | (3,123,959)                     | (4,681,301)                     |

(Thousands of yen)

|                                                                                                                        | FY3/20<br>(Mar. 21, 2019 – Mar. 20,<br>2020) | FY3/21<br>(Mar. 21, 2020 – Mar. 20,<br>2021) |
|------------------------------------------------------------------------------------------------------------------------|----------------------------------------------|----------------------------------------------|
| Cash flows from financing activities                                                                                   |                                              |                                              |
| Net increase (decrease) in short-term borrowings                                                                       | 614,750                                      | (705,700)                                    |
| Proceeds from long-term borrowings                                                                                     | 3,900,000                                    | 7,236,000                                    |
| Repayments of long-term borrowings                                                                                     | (4,950,142)                                  | (5,440,947)                                  |
| Purchase of treasury shares                                                                                            | -                                            | (472,500)                                    |
| Dividends paid                                                                                                         | (752,138)                                    | (743,203)                                    |
| Other, net                                                                                                             | (45,798)                                     | (30,773)                                     |
| Net cash provided by (used in) financing activities                                                                    | (1,233,329)                                  | (157,124)                                    |
| Effect of exchange rate change on cash and cash equivalents                                                            | 113,850                                      | (92,435)                                     |
| Net increase (decrease) in cash and cash equivalents                                                                   | 647,938                                      | 362,631                                      |
| Cash and cash equivalents at beginning of period                                                                       | 4,344,059                                    | 4,991,998                                    |
| Increase (decrease) in cash and cash equivalents resulting from change in fiscal year end of consolidated subsidiaries | -                                            | 59,378                                       |
| Cash and cash equivalents at end of period                                                                             | 4,991,998                                    | 5,414,007                                    |

**(5) Notes to Consolidated Financial Statements****Going Concern Assumption**

Not applicable.

**Significant Changes in Shareholders' Equity**

Treasury shares increased 552,379 thousand yen during the current fiscal year to 1,449,359 thousand yen at the end of the current fiscal year. This was mainly due to the purchase of 540,000 treasury shares following the resolution approved by the ALINCO Board of Directors on August 5, 2020 to repurchase its own shares pursuant to Article 156 of the Companies Act, which is applicable in lieu of Article 165, Paragraph 3 of this act.

This purchase was completed on August 6, 2020.

**Changes in Accounting Policies That Are Difficult to Distinguish from Changes in Accounting-based Estimates**

Change in depreciation method of property, plant and equipment

Beginning with the current fiscal year, the depreciation method used for buildings and structures was changed from the declining-balance method to the straight-line method.

ALINCO reexamined the depreciation method based on a review of how the company's assets are used and take into account planned capital expenditures for buildings and other assets in the current fiscal year and subsequent years. This reexamination resulted in the outlook for the continued stable utilization of assets for many more years under the current market conditions. ALINCO believes that the use of the straight-line method for the allocation of the acquisition price in equal installments over the useful life of assets will more accurately reflect how these assets are used.

The effect of this change on operating profit, ordinary profit and profit before income taxes for the current fiscal year is insignificant.

**Segment Information****1. Overview of reportable segments**

Segments used for financial reporting are the ALINCO Group's constituent units for which separate financial information is available and for which Board of Directors performs periodic studies for the purposes of determining the allocation of resources and evaluating performance.

The ALINCO Group consists of business segments that are based on categories of products and services. There are four reportable segments: construction materials, scaffolding material rental, home equipment and electronic equipment.

Products and services in these reportable segments are as follows:

|                              |                                                                                                                                                                                                       |
|------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Construction materials:      | Scaffolding materials, logistics storage equipment                                                                                                                                                    |
| Scaffolding material rental: | Rental of scaffolding materials for low-rise and medium to high-rise buildings, and temporary bleachers                                                                                               |
| Home equipment:              | Ladders, stepladders; aluminum and plastic moldings; stationary elevating workbenches; surveying and laser equipment; aluminum bridge, various type of carts and folding handcarts; fitness equipment |
| Electronic equipment:        | Wireless communication devices                                                                                                                                                                        |

**2. Calculation method for net sales, profit or loss, assets, and other items for reportable segments**

The accounting treatment methods for reportable segments comply with accounting policies used for the preparation of the consolidated financial statements.

Segment profit is affected by changes in foreign exchange rates. Foreign exchange gains and losses resulting from forward exchange contracts and other foreign exchange rate instruments used for business purposes for import

transactions are reflected in operating profit, and this adjusted operating profit is used for segment profit.

(Change in depreciation method of property, plant and equipment)

Beginning with FY3/21, the depreciation method used for buildings and structures was changed from the declining-balance method to the straight-line method.

ALINCO reexamined the depreciation method based on a review of how the company's assets are used and take into account planned capital expenditures for buildings and other assets in FY3/21 and subsequent years. This reexamination resulted in the outlook for the continued stable utilization of assets for many more years under the current market conditions. ALINCO believes that the use of the straight-line method for the allocation of the acquisition price in equal installments over the useful life of assets will more accurately reflect how these assets are used.

The effect of this change on segment profit for FY3/21 is insignificant.

### 3. Information related to net sales, profit or loss, assets, and other items for reportable segments

FY3/20 (Mar. 21, 2019 – Mar. 20, 2020)

(Thousands of yen)

|                                                                 | Reportable segment     |                             |                |                      |            | Adjustment  | Amounts shown on consolidated financial statements |
|-----------------------------------------------------------------|------------------------|-----------------------------|----------------|----------------------|------------|-------------|----------------------------------------------------|
|                                                                 | Construction materials | Scaffolding material rental | Home equipment | Electronic equipment | Total      |             |                                                    |
| Net sales                                                       |                        |                             |                |                      |            |             |                                                    |
| External sales                                                  | 20,051,086             | 17,192,901                  | 14,910,593     | 3,458,563            | 55,613,144 | -           | 55,613,144                                         |
| Inter-segment sales and transfers                               | 2,308,164              | 3,572                       | 165,216        | 24,204               | 2,501,158  | (2,501,158) | -                                                  |
| Total                                                           | 22,359,250             | 17,196,473                  | 15,075,810     | 3,482,768            | 58,114,302 | (2,501,158) | 55,613,144                                         |
| Segment profit                                                  | 2,463,593              | 555,863                     | 354,233        | 19                   | 3,373,708  | 87,587      | 3,461,296                                          |
| Segment assets                                                  | 21,130,705             | 11,221,660                  | 11,775,918     | 3,285,567            | 47,413,852 | 6,937,565   | 54,351,417                                         |
| Other items                                                     |                        |                             |                |                      |            |             |                                                    |
| Depreciation                                                    | 560,376                | 2,484,606                   | 185,481        | 93,445               | 3,323,910  | 89,384      | 3,413,294                                          |
| Increase in property, plant and equipment and intangible assets | 298,536                | 2,549,095                   | 214,321        | 83,895               | 3,145,848  | 70,763      | 3,216,612                                          |

Notes: 1. Segment profit is adjusted to be consistent with ordinary profit in the consolidated statement of income.

2. The 87,587 thousand yen segment profit adjustment is primarily corporate items, which are non-operating income and expenses, such as equity-method income and losses, foreign exchange gains and losses, and interest expenses, that cannot be allocated to a reportable segment.

FY3/21 (Mar. 21, 2020 – Mar. 20, 2021)

(Thousands of yen)

|                                                                 | Reportable segment     |                             |                |                      |            | Adjustment  | Amounts shown on consolidated financial statements |
|-----------------------------------------------------------------|------------------------|-----------------------------|----------------|----------------------|------------|-------------|----------------------------------------------------|
|                                                                 | Construction materials | Scaffolding material rental | Home equipment | Electronic equipment | Total      |             |                                                    |
| Net sales                                                       |                        |                             |                |                      |            |             |                                                    |
| External sales                                                  | 17,400,080             | 15,265,180                  | 16,925,106     | 3,751,341            | 53,341,709 | -           | 53,341,709                                         |
| Inter-segment sales and transfers                               | 2,612,259              | 3,484                       | 253,071        | 17,085               | 2,885,901  | (2,885,901) | -                                                  |
| Total                                                           | 20,012,340             | 15,268,665                  | 17,178,178     | 3,768,426            | 56,227,610 | (2,885,901) | 53,341,709                                         |
| Segment profit                                                  | 1,410,828              | 56,141                      | 1,029,621      | 53,820               | 2,550,410  | 323,880     | 2,874,291                                          |
| Segment assets                                                  | 21,036,654             | 11,773,833                  | 12,580,787     | 3,349,380            | 48,740,654 | 6,703,219   | 55,443,873                                         |
| Other items                                                     |                        |                             |                |                      |            |             |                                                    |
| Depreciation                                                    | 526,246                | 2,112,971                   | 202,814        | 91,679               | 2,933,711  | 81,578      | 3,015,290                                          |
| Increase in property, plant and equipment and intangible assets | 721,069                | 2,091,109                   | 148,237        | 81,195               | 3,041,612  | 330,816     | 3,372,428                                          |

Notes: 1. Segment profit is adjusted to be consistent with ordinary profit in the consolidated statement of income.

2. The 323,880 thousand yen segment profit adjustment is primarily corporate items, which are non-operating income and expenses, such as equity-method income and losses, foreign exchange gains and losses, and interest expenses, that cannot be allocated to a reportable segment.

#### 4. Information related to impairment losses on non-current assets or goodwill, etc. for reportable segments

##### Impairment losses related to non-current assets

FY3/20 (Mar. 21, 2019 – Mar. 20, 2020)

(Thousands of yen)

|                 | Construction materials | Scaffolding material rental | Home equipment | Electronic equipment | Adjustment | Amounts shown on consolidated financial statements |
|-----------------|------------------------|-----------------------------|----------------|----------------------|------------|----------------------------------------------------|
| Impairment loss | -                      | 138,000                     | -              | -                    | -          | 138,000                                            |

FY3/21 (Mar. 21, 2020 – Mar. 20, 2021)

(Thousands of yen)

|                 | Construction materials | Scaffolding material rental | Home equipment | Electronic equipment | Adjustment | Amounts shown on consolidated financial statements |
|-----------------|------------------------|-----------------------------|----------------|----------------------|------------|----------------------------------------------------|
| Impairment loss | -                      | 54,000                      | -              | -                    | -          | 54,000                                             |

##### Significant change in goodwill

FY3/20 (Mar. 21, 2019 – Mar. 20, 2020)

Not applicable.

FY3/21 (Mar. 21, 2020 – Mar. 20, 2021)

In the construction materials business, a consolidated subsidiary Sofuku Koki Co., Ltd. became a wholly owned subsidiary as an additional equity investment was made by ALINCO in FY3/21. As a result of this transaction, goodwill in the segment increased 286,103 thousand yen in FY3/21.

**Per Share Information**

(Yen)

|                      | FY3/20<br>(Mar. 21, 2019 – Mar. 20, 2020) | FY3/21<br>(Mar. 21, 2020 – Mar. 20, 2021) |
|----------------------|-------------------------------------------|-------------------------------------------|
| Net assets per share | 1,334.10                                  | 1,428.84                                  |
| Net income per share | 108.73                                    | 85.32                                     |

Note: Basis of calculation

1. The basis of calculating net income per share and diluted net income per share is as follows:

|                                                                                           | FY3/20<br>(Mar. 21, 2019 – Mar. 20, 2020) | FY3/21<br>(Mar. 21, 2020 – Mar. 20, 2021) |
|-------------------------------------------------------------------------------------------|-------------------------------------------|-------------------------------------------|
| Net income per share                                                                      |                                           |                                           |
| Profit attributable to owners of parent<br>(Thousands of yen)                             | 2,155,187                                 | 1,664,863                                 |
| Profit attributable to owners of parent applicable to<br>common shares (Thousands of yen) | 2,155,187                                 | 1,664,863                                 |
| Average number of shares outstanding (Shares)                                             | 19,821,347                                | 19,512,254                                |

Note: Diluted net income per share is not presented because there are no latent shares.

2. The basis of calculating net assets per share is as follows:

|                                                                                                  | FY3/20<br>(As of Mar. 20, 2020) | FY3/21<br>(As of Mar. 20, 2021) |
|--------------------------------------------------------------------------------------------------|---------------------------------|---------------------------------|
| Total net assets (Thousands of yen)                                                              | 27,424,393                      | 27,679,004                      |
| Deduction on total net assets (Thousands of yen)                                                 | 971,891                         | 81,083                          |
| [of which non-controlling interests (Thousands of yen)]                                          | [971,891]                       | [81,083]                        |
| Net assets applicable to common shares<br>(Thousands of yen)                                     | 26,452,502                      | 27,597,921                      |
| Number of common shares at end of period used in<br>calculation of net assets per share (Shares) | 19,827,910                      | 19,314,969                      |

3. For the purpose of calculating net assets per share, the number of shares of the Company held by the ALINCO Employee Shareholding Association Exclusive Trust Account (506,100 shares for the fiscal year ended Mar. 20, 2021) under the "Trust-type Employee Shareholding Incentive Plan (E-Ship)" is included in the number of treasury shares, which was to be deducted from the calculation of the number of shares outstanding at the end of the period. For the purpose of calculating net income per share, the Company's shares held by the trust are also included in the number of treasury shares, which was to be deducted from the calculation of the average number of shares outstanding during the period (506,100 shares for the fiscal year ended Mar. 20, 2021).

**Subsequent Events**

Not applicable.

*This financial report is solely a translation of "Kessan Tanshin" (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.*